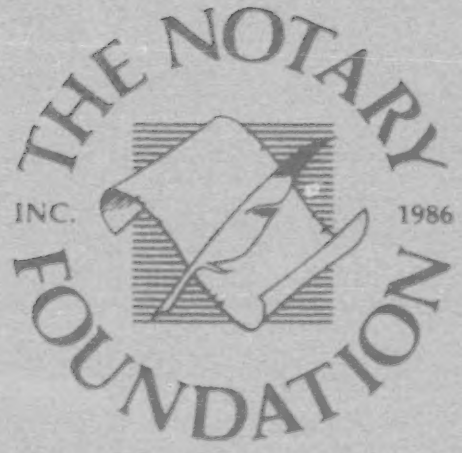
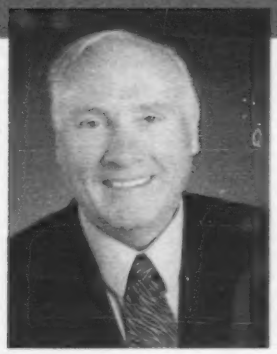
The Notary Foundation *of* British Columbia

ANNUAL REPORT 2007


THE NOTARY
INC.
1986
FOUNDATION

Message from the Executive Officer
G. W. (Wayne) Braid



The Notary Foundation was established in legislation in 1986. This report celebrates our 20th year of existence and operation here in British Columbia.

Over the years, the Notary Foundation has established a tradition of supporting worthwhile programs that contribute to legal education in British Columbia and the social needs of British Columbians in various areas of law.

Our contributions also provide funds for the education of new BC Notaries and the continuing education of current Notaries. And they support various law-related projects that assist the less fortunate in our province.

Since our inception, we have provided the Legal Services Society of British Columbia with over $29,512, 800.00 in funding.

The Legal Services Society provides a spectrum of services, giving priority to low-income people. Under section 9 of the *Legal Services Society Act*, the mandate of the Legal Services Society is to

- help people resolve their legal problems and facilitate access to justice;
- establish and administer an effective and efficient system for providing legal aid to people in BC; and
- provide the Attorney General with advice about legal aid and access to justice for people in BC.

BC Notaries are pleased to have participated in the fulfillment of that mandate. We will continue to contribute to the provision of such services to the citizens of British Columbia.

None of this funding would be possible without the diligent and efficient Notary practices of our members. They deserve a very large Thank You for their part in providing their clients with legal services of the highest calibre.

The Notary Foundation disburses the interest on BC Notaries' trust accounts to deserving groups and organizations.

I would like to take this opportunity to thank our dedicated Board of Governors who give up their personal time for our Foundation. Thank you for your support of the new initiatives we have proposed over the last 2 years and for your continued support of the established programs highlighted in the pages of this Annual Report.

Mission

The Notary Foundation establishes and maintains a fund to be used for the purposes of legal education, legal research, legal aid, education, and continuing education for BC Notaries and applicants for enrollment as Notaries.

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About The Notary Foundation of BC

The birth of our Foundation was based on the model of legislation that created the Law Foundation of British Columbia and its very successful business model.

The Source of the Notary Foundation's Funds

The Notary Foundation's revenue comes from interest paid on clients' funds held in Notaries' trust accounts in financial institutions, generally from real estate transactions.

Because monies are usually held only a very short time, the cost of investing the funds for clients is not economically viable.

When the funds are *pooled*, the financial institutions profit from being able to use them—and the institutions pay interest to our Foundation.

The success of these Foundations is based upon the cooperation of financial institutions that strive to ensure a reasonable interest is paid on the funds held in Notaries' and lawyers' trust accounts.

The substantial funds created allow the Foundations to support the good work of a great many community organizations and to assist, in a major way, with the necessary funding for legal aid in our province.

The Use of the Funds

- The Legal Services Society automatically receives 55 percent of the Notary Foundation funds, which they spend within their mandate and their objective to provide legal aid in British Columbia.
- In addition to grants, the Foundation funds 2 scholarships and 2 bursaries each year for individuals attending university (currently limited to UBC), in certain law-related courses.

The Grant Review Process

The Board of Governors meets quarterly to consider applications for funding from various organizations, to set policy, review the Foundation's financial status, and provide direction for the administration of the Foundation.

The Foundation's Grants Committee carefully reviews all applications for funding prior to presenting them to the Board.

- To be considered, a grant application must qualify under the Foundation's mandate and must be intended for legal research, legal aid, law reform, or a law library.
- Grants are usually given only to not-for-profit organizations.

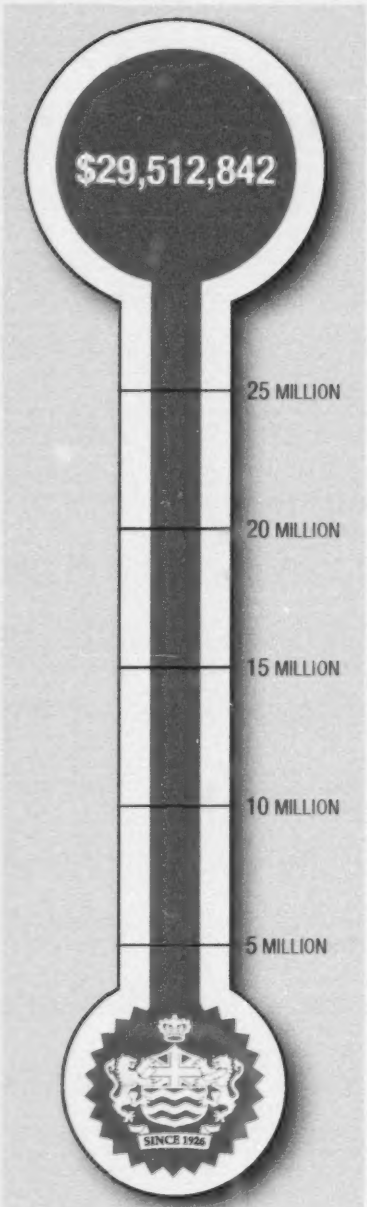
The Foundation Board

Members of the Board of Governors of the Notary Foundation are elected for a 3-year term from the ranks of the Board of Directors of The Society of Notaries Public of BC.

Traditionally, the Immediate Past President of The Society becomes the Chair of the Notary Foundation, serving for a 2-year term.

The Attorney General of BC appoints three individuals to our Board.

The Board of Governors of The Notary Foundation



Funds provided to date to legal education in our province by the Notary Foundation of BC

Source: Interest earned from Notaries' trust accounts

Notaries Act of BC

Total at June 30, 2007

Christopher W. Dupuis	Chair
William G. Anderson	
Leta C. Best	
Susan Davis	
Laurie Salvador	
Ken Sherk	
Larry Stevens Sr.	
George J. Tanco	
Jennifer L. Harry	Director-at-Large
Wayne Strandlund	Director-at-Large

The Governors of the Notary Foundation have the responsibility of guiding the Foundation in its mandate to disperse the funds for the following purposes.

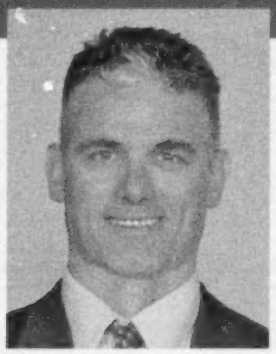
1. Legal education
2. Legal research
3. Legal aid
4. Education and continuing education for Notaries and applicants for enrollment as Notaries
5. Establishing, operating, and maintaining law libraries in BC
6. Contributions to the special fund established under the *Notaries Act of BC*

G. W. (Wayne) Braid, Executive Officer of the Foundation, is responsible for the administration of the office, the staff, and the diverse investment funds of the Foundation.

CONTRIBUTION TO THE LEGAL SERVICES SOCIETY

TOTAL 2005 ANNUAL REPORT	$12,077,338.00
2006 REVENUE	1,825,447.00
2007 REVENUE	3,039,334.00

Message from the Chair
Chris Dupuis



In 1986, the Notary Foundation of British Columbia commenced its successful operations. Now, 20 years later, the Foundation is still flourishing and contributing funds to many worthwhile organizations throughout our province.

Our current financial statements are included with this report. I direct your attention to

- the revenue generated from interest on members' trust accounts; and
- our total revenue of **$5,526,062.00**—a record year for our Foundation and a major accomplishment in these days of low interest rates!

The Foundation funds Continuing Education for our members and, of course, the Notary Preparatory Course. It also provides funding to the University of British Columbia for its participation in our course preparation and presentation.

The Society of Notaries Public of British Columbia is committed to a membership of the highest standard. Each notarial candidate must establish competence to work in this field. Because business acumen and good judgment come only with experience, notarial candidates must be mature adults.

Before candidates may train for a career as a BC Notary Public, they must undergo a comprehensive screening of their professional, financial, and educational backgrounds. The screening also reviews candidates' law-related training and, most important, their character and reputation.

Every year, The Society receives over 1600 enquiries for membership from the public. On average, 25 applicants are selected.

With the prospering property market and British Columbians continuing to choose BC Notaries to handle their real estate purchases and sales, we are confident that the Foundation will prevail in its mandate to assist the project-funding needs of many organizations that serve the public through legal education, legal research, and legal aid.

My duties as Chair of the Notary Foundation are most pleasant and rewarding. I would like to thank my Foundation Governor colleagues for all the time, effort, and work they invest on behalf of the Notary Foundation of BC!

Notary Foundation Donates $30,000.00 to VCC to Support Legal Administrative Assistant Program

The Notary Foundation of BC has donated $30,000.00 to Vancouver Community College for a scholarship and bursary supporting full-time students in VCC's legal administrative assistant program.

Over its 20 years of operation, the Notary Foundation has supported many students studying in a range of legal programs.

"We are delighted to work with colleges committed to providing students in BC with an excellent education," said Wayne Braid, Executive Officer of the Notary Foundation of BC. "The Foundation is happy to assist Vancouver Community College to educate people to serve the legal needs of British Columbians in the offices of Notaries and other legal professionals throughout our province."

"VCC is pleased to be a recipient of funding to support legal administration students," said Donna Hooker, Interim Dean of VCC's Centre for Business Studies. "Legal administrative assistants are in high demand by Notaries Public, law firms, and the justice system. These funds will assist students to achieve the necessary skills to meet this growing demand for skilled legal assistants and also reward those who excel in this field."

From left: Wayne Braid, Executive Officer of the Notary Foundation; Ken Sherk, President of The Society of Notaries Public of BC; Karen Shortt, VCC's Department Head, Office and Legal Administration; Jennifer Harry, Director-at-Large on the Board of Governors of the Notary Foundation; Donna Hooker, VCC's Interim Dean, Centre for Business Studies; Michelle Bernard, VCC's Associate Director of Development; Leta Best, Past President of the Notary Foundation; and George Tanco, a Director of the Board of Governors of the Foundation

Notary Foundation Grants
July 1, 2006, to June 30, 2007

RECIPIENT	GRANT	PROJECT
BC LAW INSTITUTE	$28,500.00	Real Property Review Phase 1 *Commercial Tenancy Act* Reform
DOWNTOWN EASTSIDE RESIDENCE	$19,003.73	Wills Project
ISLAND JADE SOCIETY	$13,950.00	Legal Advocacy 101: Poverty Law Training for Advocates
JOAN BROCKMAN	$7,500.00	The Law Society of BC Enforcement Against the Unauthorized Practice of Law
NORTH SHORE COMMUNITY RESOURCES	$20,000.00	*Help's at Hand* Booklet
PRO BONO LAW OF BC	$12,850.00	SC Civil Duty Counsel Pilot Project: Website
THE PEOPLE'S LAW SCHOOL	$30,000.00	Plain Language Booklet *A Death in Your Family* Booklet
TOGETHER AGAINST POVERTY	$7,500.00	Community Legal Education Pilot Project
VANCOUVER COMMUNITY COLLEGE FOUNDATION	$30,000.00	Bursary and Scholarship
WEST COAST DOMESTIC WORKERS' ASSOCIATION	$7,750.00	Public Legal Education Co-Ordinator
WEST COAST ENVIRONMENTAL LAW	$7,500.00	Pesticides: A Citizens' Guide to Current Laws
TOTAL GRANTS FOR THE YEAR	**$184,553.73**	

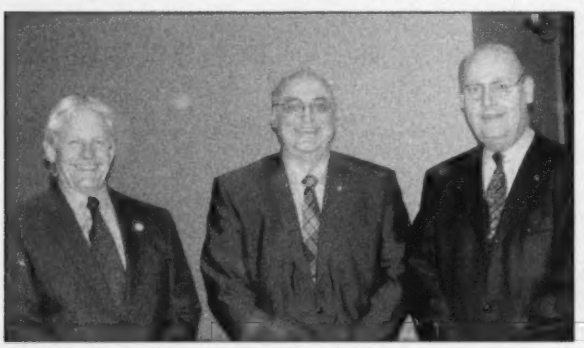
Winners of the BC Notary Awards
The Class of 2007

On May 8, 2007, The Honourable Madame Justice Wendy Baker presided over the Installation Ceremony and led the new BC Notaries in the Pledge to The Society and their Oath of Office.

Following the Ceremony, the 18 Notaries received their Notarial Commissions at a luncheon at the Terminal City Club with family and friends.

Master of Ceremonies Wayne Braid—Secretary/Executive Director of The Society and Executive Officer of the Notary Foundation—introduced the Notaries, the guests, and members of The Society's Board of Directors, including Society President Ken Sherk.

Ken Sherk



Examiners Rick Evans, Bob Reid, and George Cadman

Also present were the Notary Preparatory Course Examiners appointed by the Attorney General of British Columbia: Nanaimo Notary Rick Evans, Bob Reid, Associate Professor Emeritus of UBC's Faculty of Law, and George Cadman, Boughton Law Corporation.

Norman Witt

Norman Witt was Valedictorian for the Class of 2007.

Dr. Bernard Hoeter

Dr. Bernard W. Hoeter, Secretary of The Society from 1969 to 1986, did not attend due to illness, but he was with us in spirit.

Dr. Bernard W. Hoeter Award
For the Highest Overall Marks in the 2007 Notarial Statutory Examinations
Presenter: Akash Sablok
Winner: Brenda Petrie

UBC Award, Real Estate Division of Licensing for the UBC Sauder School of Business
For the Highest Mark on the Conveyancing Examination of the 2007 Notarial Statutory Examinations
Presenter: Dave Moore
Winner: Brenda Petrie

Stanley J. Nicol Award
For the Highest Mark on the Notarial Procedures Examination of the 2007 Notarial Statutory Examinations
Presenter: Stan Nicol
Winner: Brenda Petrie

BDO Dunwoody Award
For the Most Consistent Marks in All Subjects during the Notary Education Program and the 2007 Notarial Statutory Examinations
Presenter: Don de Jersey
Winner: Meghan Hutton

Notary Foundation of British Columbia
Financial Statements
For the year ended June 30, 2007

Notary Foundation of British Columbia
Financial Statements
For the year ended June 30, 2007

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BDO Dunwoody LLP
Chartered Accountants

600 Cathedral Place
925 West Georgia Street
Vancouver BC Canada V6C 3L2
Telephone (604) 688-5421
Fax (604) 688-5132
Email: vancouver@bdo.ca
www.bdo.ca

Auditors' Report

To the Members of the
Notary Foundation of British Columbia

We have audited the Statement of Financial Position of the Notary Foundation of British Columbia as at June 30, 2007 and the Statements of Operations and Changes in Net Assets for the year then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Foundation as at June 30, 2007 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

BDO Dunwoody LLP

Chartered Accountants

Vancouver, British Columbia
August 17, 2007

Notary Foundation of British Columbia
Statement of Financial Position

June 30	General Fund	Education and Administrative Fund	Grants Fund	2007	2006
Current Assets					
Cash (Note 2)	$ 1,121,676	$ -	$ -	$ 1,121,676	$ 572,119
Accrued interest receivable	740,649	-	-	740,649	389,965
Prepaid expenses	-	21,777	-	21,777	18,394
Investments (Note 3)	406,601	-	-	406,601	606,279
	2,268,926	21,777	-	2,290,703	1,586,757
Investments (Note 3)	1,575,754	-	-	1,575,754	319,919
	$ 3,844,680	$ 21,777	$ -	$ 3,866,457	$ 1,906,676
Current Liabilities					
Accounts payable and accrued liabilities (Note 4)	$ 965,478	$ 117,179	$ -	$ 1,082,657	$ 689,490
Interfund balances	2,879,202	(1,978,536)	(900,666)	-	-
	3,844,680	(1,861,357)	(900,666)	1,082,657	689,490
Due to the Society of Notaries Public of British Columbia (Note 6)	-	27,267	-	27,267	27,267
Net assets	-	1,855,867	900,666	2,756,533	1,189,919
	$ 3,844,680	$ 21,777	$ -	$ 3,866,457	$ 1,906,676

Approved by The Board of Governors:

_____ Governor

_____ Governor

The accompanying summary of significant accounting policies and notes form an integral part of these financial statements.

Notary Foundation of British Columbia
Statement of Operations and Changes in Net Assets

For the year ended June 30	General Fund	Education and Administrative Fund	Grants Fund	2007	2006
Revenue (Note 5)					
Interest earned on members' trust accounts	$ 5,379,629	$ -	$ -	$ 5,379,629	$ 3,299,473
Investment income	110,170	-	36,263	146,433	19,522
	5,489,799	-	36,263	5,526,062	3,318,995
Expenses					
Education and Administrative Fund (Schedule and Note 6)	-	735,561	-	735,561	901,933
Grants Fund	-	-	184,553	184,553	177,400
Legal Services Society of British Columbia	3,039,334	-	-	3,039,334	1,825,447
	3,039,334	735,561	184,553	3,959,448	2,904,780
Excess (deficiency) of revenue over (under) expenses	2,450,465	(735,561)	(148,290)	1,566,614	414,215
Net assets, beginning of the year	-	657,306	532,613	1,189,919	775,704
	2,450,465	(78,255)	384,323	2,756,533	1,189,919
Transfer (to) from Education and Administrative Fund	(1,934,122)	1,934,122	-	-	-
Transfer (to) from Grants Fund	(516,343)	-	516,343	-	-
Net assets, end of year	$ -	$ 1,855,867	$ 900,666	$ 2,756,533	$ 1,189,919

The accompanying summary of significant accounting policies and notes form an integral part of these financial statements.

Notary Foundation of British Columbia
Summary of Significant Accounting Policies

June 30, 2007

Financial Instruments

The Notary Foundation of British Columbia's (the "Foundation") financial instruments consist of cash, accounts receivable, investments, accounts payable, accrued liabilities, and amounts owing to/from related parties. Unless otherwise noted, it is management's opinion that the Foundation is not exposed to significant interest, currency or credit risk arising from these financial instruments. The fair values of financial instruments with the exception of amounts owing to/from related parties approximate their carrying values due to short term maturities and/or market rate of interest. The fair values of amounts owing to/from related parties are not practical to determine. The fair values of the investments and market value are disclosed in Note 3.

Investments

Investments consist of fixed income and marketable securities and are stated at cost. Where the market value of investments has declined below carrying value for a period which in management's opinion is other than temporary, those investments have been written down to market value.

It is the Foundation's mandate to protect capital and invest in well diversified assets to support expenditures made by the Foundation. These assets include Canadian securities such as government and corporate bonds, commercial paper, treasury bills, cash or cash equivalents, and Canadian and foreign equities.

Revenue Recognition

The interest earned on notaries' general trust accounts is calculated and remitted to the Foundation based upon agreements made with individual financial institutions. The trust accounts are not the property of nor are they administered by the Foundation. The interest earned on notaries' general trust accounts held in financial institutions is recognized by the Foundation on an accrual basis.

The Foundation assumes that all notaries who hold funds in trust for or on account of clients comply strictly with Section 54 of the Notaries Act. Compliance is confirmed by regular annual audit examinations of the notaries' trust accounts.

Investment income is recognized on the accrual basis.

Grants

Grants are recorded in the Foundation's accounts in the year of authorization.

Use of Estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

1. Organization and Income Tax Status

The Notary Foundation of British Columbia (the "Foundation") was established in 1986 under Section 50 of the Notaries Act. The Foundation is a not-for-profit organization, which receives funding from interest earned on the pooled trust funds of the notaries.

The Foundation is to establish and maintain funds to be used for the purpose of:

- legal education, legal research and legal aid,
- education and continuing education for notaries and applicants for enrolment as notaries,
- establishing, operating and maintaining law libraries in the Province of British Columbia, and
- contributing to the Special Fund established under Section 20 of the Notaries Act but solely for the purpose of increasing the principal amount of this Fund to $500,000, as the limit has been reached, the excess amount is transferred to the Legal Services Society of British Columbia.

These financial statements have been prepared on the restricted fund method of accounting for not-for-profit organizations. The Foundation, as a result of its not-for-profit status, is not subject to income taxes.

2. Cash

The Foundation's cash is held in Canadian chartered banks. The accounts earn interest at prevailing market rates.

3. Investments

Investments are comprised of:

	June 30, 2007	
	Cost	Market
Long-term bonds and debentures	$ 1,575,754	$ 1,535,579
Equities	406,601	429,878
	$ 1,982,355	$ 1,965,457

3. Investments - Continued

	Cost	June 30, 2006 Market
Long-term bonds and debentures	$ 319,919	$ 337,333
Equities	277,518	313,860
Short-term bonds and debentures	328,761	327,063
	$ 926,198	$ 978,256

The Foundation's investments are held through one Canadian investment management company. The bonds and debentures bear interest from 3.000% to 6.282% per annum and mature between September 1, 2009 and December 31, 2036.

4. Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities pertain to the allocation of revenue from the General Fund less payments and are comprised of the following:

	2007	2006
Legal Services Society of British Columbia		
Balance, beginning of period	**$ 553,574**	$ 306,828
Earned revenue from General Fund	**3,039,334**	1,825,447
Payments to Legal Services Society of British Columbia	**(2,627,430)**	(1,578,702)
	965,478	553,574
Education and administrative payables	**117,179**	135,916
Balance, end of the year	**$ 1,082,657**	$ 689,490

Included in the current education and administrative payables is $90,084 (2006 - $105,915) due to the Society of Notaries Public of British Columbia.

5. Allocation of Revenue

Revenue earned by the Foundation is to be disbursed as follows:

a) 50% to be paid to the Legal Services Society of British Columbia.

5. Allocation of Revenue - Continued

b) 5% to be paid to the Special Fund which is administered by the Society of Notaries Public of British Columbia (Note 1). The minimum amount that can be paid to the Special Fund is $20,000 or 5% as determined by requirements within the Notaries Act. Any excess amounts are to be allocated to the Legal Services Society of British Columbia.

c) 10% to be used for legal education, legal research and the establishing, operating and maintaining of law libraries in the Province of British Columbia (Grants Fund).

d) 35% to be used for education and continuing education of notaries and notarial applicants (the "Education and Administrative Fund"). The Foundation provides an annual grant to the Society to fund Education and Continuing Education initiatives which are carried out by the Society on behalf of the Foundation in order for the Foundation to meets its obligation pursuant to its articles of incorporation under the Notaries Act. The Foundation may maintain a reserve fund composed of up to and including, but not more than, three years of Grant costs (the "Foundation Reserve Fund").

6. Related Party Transactions

The amount of $27,267 due to the Society of Notaries Public of British Columbia (the "Society"), an organization with common directors and governors, is unsecured, non-interest bearing and has no specific terms of repayment. The Society has indicated that it will not request payment of the amount within the next fiscal year. Consequently, the amount has been classified as non-current in the accompanying financial statements.

During the year, the Foundation had paid a grant in the amount of $735,561 (2006 - $901,933) to the Society which was used by the Society to fund Education and Continuing Education initiatives as mentioned in Note 5(d). The transactions are in the normal course of operations and is measured at its carrying amount.

7. Statement of Cash Flows

A cash flow statement is not presented since the cash flow information is readily apparent from other financial statements or is adequately disclosed in the notes to the financial statements.

8. Comparative Figures

Certain comparative figures have been reclassified to conform with the current year's presentation.

Notary Foundation of British Columbia
Schedule of Education and Administrative Fund Expenses

For the year ended June 30	2007	2006
Education and course development	$ 263,779	$ 478,154
Equipment rental	7,483	7,242
Government relations	925	-
Insurance	9,278	11,210
Magazine, net of cost recovery	106,958	69,355
Miscellaneous	6,392	2,537
Office and supplies	33,706	14,940
Professional fees	21,449	6,680
Rent and utilities	38,540	36,268
Telephone and communication	23,637	33,208
Travel, meetings and honouraríums	40,340	55,391
Wages and benefits	183,074	186,948
	$ 735,561	$ 901,933

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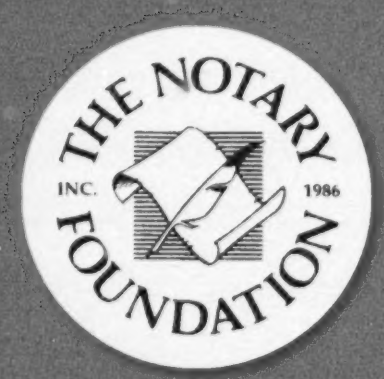

The Notary Foundation of British Columbia

Box 44, 1220 – 625 Howe Street
Vancouver, BC V6C 2T6

Voice: 604 681-4516
Fax: 604 681-7258

society@notaries.bc.ca
www.notaries.bc.ca